

Sam Whitlock
April 2, 2015; Lausanne, Switzerland

To whom it may concern:

I am an American citizen living abroad in Switzerland since September 2013. I will be in this country for several years to work toward a PhD in computer science. Although I am, and always have been, proud to be an American, this label has made my financial life difficult since I began my studies abroad approximately 18 months ago.

I spent the first 23 years of my life in California as a law-abiding, financial responsible citizen. I opened a Roth IRA when I was 19 and annually contribute the maximum allowed amount. I have filed taxes on time every year and have voted in every presidential election. I am the valedictorian of my high school class and an Eagle Scout.

Due to the excessive regulatory burden imposed by FATCA, very few banks were willing to accept me as an account holder. Even opening static, mundane accounts (e.g., a “rental surety savings account”, which is required for apartment security deposits in Switzerland) become problematic due to my American citizenship.

Each year, I navigate the process of filing taxes both in Switzerland and in the U.S. This is a monumental challenge for someone, such as myself, who is not an elite tax professional in both countries. The differences between the financial systems of the U.S. and any other country make it difficult to decipher the legal requirements when filing these taxes. For example, are the mandatory “1st Pillar” contributions (a federal pension fund in Switzerland, similar to social security) taken out of my monthly paycheck considered a retirement account contribution on my U.S. tax form, even though I will not ever be able to withdraw from these funds? For financial account reporting (i.e., the FBAR), what is the exchange rate that one should use to convert the value of my accounts in Switzerland from Swiss francs to U.S. dollars (e.g., on the date of the maximum value, or from January 1st of the next year)? Even though I have found answers to both of these questions after a time-consuming search through much of the relevant tax code and IRS guides, the answers to these sorts of questions are not usually clear cut due to the differences between the tax and financial systems in each country.

Due to this situation, Americans abroad are left with two options: pay a tax professional several hundred to a few thousand dollars to complete their tax return, or spend many days of their own time attempting to sort this out on their own. Even with online filing systems (e.g., TurboTax) this is an arduous and time-consuming process. To alleviate these problems, I write this letter to advocate for the following:

- Changing the U.S. Federal Tax system to be based upon residency, instead of citizenship
- Changing FATCA to exempt “same-country” accounts. For example, as a resident of Switzerland, I should not have to report my Swiss bank accounts (while living here); if I had accounts in other countries, they should not be exempt (i.e., they should be declared in the FBAR).

I support laws and regulations that prevent U.S. income from being hidden in foreign accounts, but I believe making the aforementioned changes would alleviate the regulatory difficulties for foreign-residing U.S. citizens while still providing the IRS the authority to pursue financial crimes.

Sincerely,

